




MAY 17 2005

To: Heads of Operating Divisions
Heads of Staff Divisions

From: Robert Hosenfeld 
Deputy Assistant Secretary for Human Resources
Office of the Assistant Secretary for Administration and Management

Subject: Recruitment, Relocation and Retention Incentives

This memorandum is provided to document the Department's interim operating guidance regarding the new recruitment, relocation, and retention incentive payment authorities effective today. On May 13, 2005, the Office of Personnel Management (OPM) issued the interim regulations for the recruitment, relocation, and retention incentive authorities, which can be reviewed at: http://www.access.gpo.gov/su_docs/fedreg/frcont05.html. Until the Department issues new Department program policies, each OPDIV should operate under the HHS policies in effect prior to May 1, 2005, with the exception of adhering to the new guidance listed below.

1. Employees must have or maintain a rating of record of at least "Fully Successful" or equivalent to be eligible to receive a relocation or retention incentive, as applicable. (See §§ 575.111(b), 575.205(c), 575.211(b), 575.305(d), and 575.311(b) and (g)(4).)
2. The interim regulations require agencies to use an employee's special rate or locality rate of pay, as applicable, to compute recruitment, relocation, and retention incentive payments. (See §§ 575.102, 575.202, and 575.302)
3. These interim regulations amend the regulations regarding supervisory differentials to reflect the new term retention incentive and to exclude recruitment, relocation, and retention incentives from the continuing pay of a supervisor and the continuing pay of a subordinate for the purpose of comparing their pay and calculating a supervisory differential. (See §§ 575.405)
4. An extended assignment incentive may not be paid to an otherwise eligible employee who is receiving a recruitment, relocation, or retention incentive. (See §§ 575.506)

The new recruitment, relocation, and retention payment authorities replace the former recruitment and relocation bonus and retention allowance authorities under 5 U.S.C. 5753

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and 5754. The flexibilities within these new authorities are designed to increase our ability to recruit and retain employees enabling us to better meet our strategic human capital needs. Based on this, we will be establishing a workgroup shortly which will build upon the previous authorities, to include the new flexibilities authorized by the interim regulations.

To ensure that HHS meets the OPM oversight requirements included in the new interim regulation, each servicing HR Center or Office is required to maintain a complete copy of each incentive package that has been approved on or after May 1, 2005.

Questions regarding these operating instructions should be addressed to Nancy Bagley via e-mail at Nancy.Bagley@hhs.gov <<mailto:Nancy.Bagley@hhs.gov>>. Ms. Bagley may also be reached via phone at 202-690-8071.

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